Education and Workforce Committee, Mr. MILLER, and the Ranking Member of the 21st Century Competitiveness Subcommittee, Mr. KILDEE, in introducing the Emergency Loan Abuse Prevention Act of 2004.

A short time ago, this body voted 413–3 to stop the Department of Education from spending any of its fiscal year 2005 Appropriation to perpetuate the so-called "9.5 percent loophole" in the Federal student loan program. This antiquated and indefensible subsidy guarantees lenders a whopping 9.5 percent return on garden variety student loans while costing taxpayers nearly $1 billion this year. That's $1 billion that should be going to students and families trying to afford college—not to already profitable financial institutions.

The Emergency Loan Abuse Prevention Act of 2004 picks up where the Kildee-Van Hollen Labor-HHS Appropriations amendment left off by putting an end to the 9.5 percent loophole—permanently. Moreover, it directs the savings from this needed reform to the woefully underfunded Pell Grant program, which has lost half its purchasing power over the last 20 years. It's a win for taxpayers who expect us to spend their money wisely, and it's a win for students who—in this era of double digit tuition increases—deserve all the help we can give them as they pursue their dreams of a college education.

Mr. Speaker, in closing, I'd like to submit a copy of a recent Washington Post editorial on this issue for the record and note that the Government Accountability Office (GAO) yesterday released its final report detailing the urgent need to close this loophole immediately. I ask all of my colleagues on both sides of the aisle to work with us in the same bipartisan fashion as this House spoke a few weeks ago to pass the Emergency Loan Abuse Prevention Act of 2004 without delay. We have an obligation to our taxpayers and students to ensure that Federal education dollars are spent where they are needed most.

(From the Washington Post, Sept. 10, 2004)

STUDENT LOAN SCANDAL

There are bureaucratic errors, there is congressional negligence—and then there are bureaucratic errors and congressional negligence on a scale so vast that it is hard to believe they can be accidental. The hundreds of millions of dollars in unnecessary government payments to the student loan industry in the past 18 months amount to such a scandal. The loans in question, established in 1980, are guaranteed by the government at 9.5 percent. Yet most students are paying interest rates of 3.5 percent or less. The difference—all taxpayers' money—is pure profit for the companies that have taken advantage of a loophole in the law.

According to a recent report by the Institute for College Access and Success, a nonprofit education think tank, Congress had actually intended to end in 1993 the 9.5 percent loan guarantee, one of many programs that provide incentives for institutions to lend to students. In May 2003, one company, Nelnet Inc., wrote to the Education Department to confirm its intention to expand its holdings of old loans with the 9.5 percent interest rate. Nelnet received no answer from the department for a year, during which time the department continued paying the company. In June of this year, the department replied inconclusively—at which point the company's stock price climbed 20 percent. Although Nelnet is the largest holder of loans guaranteed at 9.5 percent—and its holdings of such loans have increased by 818 percent since January 2003—it is only one of many such lenders. According to a preliminary Government Accountability Office report, commissioned by Representatives Chris Van Hollen (D–Md.) and Dale E. Kildee (D–Mich.), 37 lenders receive payments for loans with guaranteed interest rates of 9.5 percent, at a government cost of $1 billion annually, and the volume of such loans is rising.

Why wasn't the loophole shut long ago? Education Department officials argue strenuously that only a two-year regulatory process could have done so, and they didn't initiate one, they say, because they thought Congress would deal with it. Congressional Republicans say they expected to deal with the problem in a comprehensive higher education bill, but that has failed to pass (and in any case the proposed language would not have ended all the payments). Yet, other solutions could have been found: In the wake of revelations about the scale of the payments, the House yesterday passed an amendment to an appropriations bill, offered by Mr. Van Hollen and Mr. Kildee, that would close the loophole completely, albeit temporarily. (Of course, there is no guarantee it will become law.) And one former Education Department general counsel has written to the secretary of education, Roderick R. Paige, arguing that the loophole could have been closed immediately if officials had wished to do so.

There could be other explanations for their reluctance. One is that the president of Nelnet, Don R. Bouc—who has called for the loophole to be shut and the money to be better used—is well-connected enough to have been appointed to Mr. Paige's advisory committee on student financial assistance. Here is another: According to a report in the Chronicle of Higher Education, Nelnet is the second-largest contributor to congressional campaigns in the student loan industry, beaten only by industry giant Sallie Mae. Over the past 18 months, the student loan industry has contributed about $750,000 to the 49 members of the House Committee on Education and the Workforce, of which $136,000 has gone to the committee chairman, Representative John A. Boehner (R–Ohio), and $175,000 to Representative Howard P. "Buck" McKeon (R–Calif.), chairman of the subcommittee on higher education. Mr. Boehner's spokesman vehemently denies any connection between the contributions and the issue and maintains that the committee's bill would have fixed the problem, which was mentioned in the president's latest budget. Still, it is difficult to understand, given the sums involved, why neither Mr. Paige nor Congress made this a higher priority.

For nearly a decade we have argued that Congress should reduce subsidies for banks that lend to students, and instead expand the direct-loan program, which provides about a quarter of student aid—or else reform the system to make it harder to manipulate. This scandal provides an excellent reason to look again at these questions.

PERSONAL EXPLANATION

HON. GENE GREEN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 28, 2004

Mr. GREEN of Texas. Mr. Speaker, on Thursday evening, September 23, 2004, I was unable to be present for the final three votes of the day, rollcall votes No. 470, No. 471, and No. 472, because I returned to my Congressional District in order to assist my constituents with the potential impact of Tropical Storm Ivan's imminent landfall on the Southeast Texas Coast.

On rollcall vote No. 470, to Order the Previous Question, I would have voted "no," so that we could fix the underlying bill (H.R. 1308) to pay for the tax cuts and avoid increasing the deficit. In addition, the bill should fix the combat pay problem for military families that denies the child tax credit and the earned income tax credit.

On rollcall vote No. 471, on H. Res. 794, the rule waiving points of order against the conference report to accompany the bill (H.R. 1308), I would have voted "no," due to the increase in the deficit and the failure of the bill to address military families.

On rollcall vote No. 472, on the conference report accompanying H.R. 1308, I would have voted "yea," because the legislation does provide significant tax relief to middle class families and provides important tax incentives to businesses. However, these tax cuts should have been paid for, and military families should have been included.

PAYING TRIBUTE TO RICHARD SHEEHAN

HON. SCOTT McINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 28, 2004

Mr. MCINNIS. Mr. Speaker, I would like to take this opportunity to pay tribute to Richard Sheehan and thank him for his exceptional contributions to his community and the State of Colorado as a Jefferson County Commissioner. A commissioner since 1999, Richard is a dedicated public servant and leader in his community and I am honored to recognize his accomplishments before this body of Congress and this Nation today.

As a resident of South Jeffco, Richard has a long history of educational and vocational training. He has earned his Masters in Business Administration, his Certified Public Accountant's license, national certification as a Public Finance Officer and his teacher's certification in Social Studies. Richard's rigorous academic background and passion for public service led him to serve in the Colorado State Auditor's office and teach social studies at Aurora Public Schools. Additionally Richard served as a financial officer for Arapahoe County and taught financial reporting in the MBA program at Regis University. In the private sector, Richard has been employed as a financial analyst in the corporate offices of the Pace Membership Warehouse. In 1999, Richard was elected as a Commissioner for Jefferson County, and he has proven himself to be a great asset to the citizens he represents. This year Richard will additionally serve as the Chairman Pro Tem of the Board and the Law Enforcement Authority.

In addition to his work as a county commissioner, Richard also serves as the treasurer of Colorado Counties Inc., sits on the Denver Regional Council of Governments, the Jefferson Economic Council, and the State's Human Services Board. What little spare time that he has remaining is devoted to volunteer work for